

A Knowledge Management Oriented Model Exploring the Role of Organizational Identification on Innovative Performance

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(Abstract) In knowledge economic times, knowledge management (KM) measures and systems are widely adopted by business organizations to improve their innovative performance which is fatal to their survival and development. The paper starts from analysing the obstacles hobbling effective implementation of KM and points out that employee's attitude and behavior towards KM are now the key factors influencing effectiveness of KM. Then organizational identification (OI) is introduced as a significant variable to overcome these obstacles by influencing employees' attitude and behavior and forming hamonious relationship in organization. By summarizes knowledge employees' features and management challenges caused thereby as well as the process of KM, the paper identifies the relationship between KM and OI, and how OI impacts innovative performance through the mediating effects of KM. As a conclusion, the paper establishes a theoretical KM oriented model exploring the role of OI on Innovative performance. Tactic to improve knowledge employees' OI is also discussed. (Abstract)

Keywords: Knowledge Management; Organizational Identification; Innovative Performance.

1. INTRODUCTION

In the increasingly competitive and globalized marketplace, adopting innovative strategy has become the standard solution for organizations to achieve competitive advantage. Therefore, many researchers devote to explore how companies can improve their innovative performance and what internal and external factors affect such performance. Considering that knowledge is the key source of innovation, and the carriers of knowledge -- employees, especially knowledge employees such as engineers, managers, and programmers, are responsible for a contribution that materially affects the capacity of the organization to perform and to obtain results, this paper aims at providing a theoretical and analytical frameworks based on a knowledge management perspective by exploring the relationship between organizational identification, a human-resources-related factor, and innovative performance.

In the researches exploring the internal and external factors leading to satisfactory innovative performance and sustainable competitive advantages, the quantity and quality of employees' knowledge, skills, and abilities are considered key resources for the improvement of innovative activities^[1]. However, employees' knowledge and ability is just a necessary but not sufficient precondition to form competitive advantage because employees' attitude and behavior determines whether their knowledge and ability can play a role and actually create value for the enterprise. If it is not the case, the knowledge and ability is only potential rather than real corporate resources^[2]. Knowledge is a sort of invisible resources hidden in employees' minds, it can not be squeezed through coercive means. Under the knowledge economy background, organizations should, by focusing on employees' characteristics and internal demand, form a management system that encourage employees to dedicate and

create knowledge, and then promote both individual development and organizational development. In reality, many organizations try to carry out knowledge management to promote knowledge sharing and knowledge innovation, however, due to reasons like employees' self-protection awareness, distrusting between employees and between employees and the organization, the effects of the knowledge management is not satisfying. It is obvious that the key to enhance knowledge management and organizational innovation is to guide and manage the employee's attitude and behavior toward them.

Organizational identification (OI) has been a hot topic in the research field of Organizational behavior in the latest 30 years. It refers to a member's perception of belonging to an organization or sharing consist interest with the organization^[3]. When identifying with an organization, people would integrate the organization's characteristics and values into their self-identity, and take these as the guidance for their attitudes and behavior, which would obviously lead to organization-supportive behavior^[4]. OI can improve the staff's sense of responsibility and sense of belonging, which further produces working enthusiasm and innovative passion. Thus, managing employees' OI is one of the most important ways to improve organizational innovative performance. What links knowledge employees to innovative performance is knowledge. In fact, many scholars have tested the effect of knowledge management (KM) on innovative performance in different aspects^[5]. Taking these connections between OI, KM and innovative performance in to consideration, we found that many questions remain unexplained, such as what is the mechanism in which OI impacts on innovative performance? What kind of role does KM play in such mechanism? Can companies improve employees' OI through KM measurements? If yes, how? In order to provide a clear explanation, the paper provides an insight into the features of knowledge employees, the

contents and effectiveness of KM, the antecedent and consequences of OI under the knowledge economy background..

2. EFFECTIVENESS OF KNOWLEDGE MANAGEMENT IN REALITY

Discussion of knowledge management should start from exploring the characteristics of knowledge. Knowledge comes from what human being gained from practice and how they understand and summarize about the phenomenon and essence of nature, society and thinking. It includes not only scientific and technical knowledge but also knowledge of humanities and social sciences, experience from daily business activities, living and working, knowledge about how to acquire, utilize and create knowledge, and knowledge about how to make judge and find solutions when people facing problems^[6]. In the main body of researches on knowledge management, knowledge are generally divided into explicit knowledge and implicit knowledge^[7]. The former, also known as encoded knowledge, can be expressed, delivered and preserved orally and in writing in books, magazines, newspapers, drawings and other forms of presentation. The latter includes experience, know-how, insight and something alike obtained through practicing and experience. The typical feature of implicit knowledge is that it can be sensed but not be explained in words. However it is implicit knowledge which is difficult to express and transfer plays an extremely important role in obtaining and creating new knowledge.

From the viewpoint of ontology, knowledge can be divided into individual knowledge and organizational knowledge. Individual knowledge is derived from the individual's practice and learning, exists in people's minds. Organizational knowledge refers to technology, patents, systems and culture that are formed through communication and integration of individual knowledge during the process of production and management. Organizational knowledge is extremely important to organizational innovation because the later can only be achieved through integration of all kinds of knowledge.

In knowledge-economy time, knowledge, if input as a production factor, may cause significant changes in organizational and operational performance, therefore organizations have been paying more and more attention to knowledge management. Bassi (1997) believed that knowledge management is a process to enhance organizational performance through creating, accessing and utilizing knowledge. Finding, integration, innovation and application of knowledge with the purpose of improving organizational performance and maintaining the organization's survival and development^[8] is the essential of KM. The core task of KM is to realize two kinds of transformation: one is transferring from implicit knowledge to explicit knowledge, the other is transferring from individual knowledge to organizational knowledge.

KM aims to enhance organizational performance, but in reality how effectively the implementation of KM promotes organizational performance and innovative performance? A study conducted in early 21st century focusing on U.S. companies indicated that in knowledge management process enterprises usually spent most of their time in establishing intranet, knowledge database and other technical platform, but lack of

concern about staff's attitudes and behavior towards these technical facilities, while the reality is, the greatest difficulties enterprises faced when implementing KM system was how to change people's behavior rather than to overcome the technical limitations. The KM capabilities which enterprises needed to improve most was to promote knowledge sharing through incentives^[6]. Through the KM practice of U.S. companies it can be concluded that at the beginning, companies put most of their concentration on constructing technical facilities, but because of various organizational and individual resistances they encountered in the process of the implementation thereof, their were force to shift their concentration to organizational behavior factors. Organizational behavior theory provides an explanation for practical difficulties arose in KM implementation by arguing that all organizations are composed of free will and human beings with free will. In the complicated and uncertain environment, employees have different values, personality, abilities, attitudes and motivations, as well as the desire to master their own interests and political power^[9]. As their personal interests and goals are usually inconsistent with or even conflict with those of their department and organization, the employees do not necessarily seek to maximize organizational performance. For example, for reasons like self-interest, selfishness or security, some employees are unwilling to share their knowledge with others for fear of damaging their own interests or advantage even if they know that knowledge-sharing is beneficial for the organization. Therefore, the effectiveness of KM and its impact on organizational performance is a very complex, unpredictable and uncertain. Employees form their cognition and attitudes towards KM based on their consideration of power, interests and values, and then take different actions, such as supporting, resisting, hindering, etc^[10]. It is such behavior that influences the process and effectiveness of KM but not technologies and measures. Therefore, KM will only contribute to innovative performance when knowledge employees are well managed and motivated to participate in KM activities. In this case, organizational identification, with its function of guiding employees' attitude and behavior, encouraging their decision-making based on organizational goals, plays an important role in promoting the effective implementation of KM.

Following the task of KM should then be to establish mechanism that stimulate and activate employees to participate in active knowledge sharing and creating. The next task of paper is to explore the features of knowledge employee.

3. MANAGING KNOWLEDGE EMPLOYEES IN KNOWLEDGE ECONOMIC CONTEXT

Under the context of knowledge economy, with their proportion enlarges, knowledge employees' impact on organizational performance and regional economical development becomes increasingly significant. Therefore, specific researches should be conducted to explore the features of knowledge employees and challenge caused thereby so as to make full use of their human capital.

3.1. Features Of Knowledge Employees

As early as in 1969, Peter Drucker coined the term of the

knowledge worker to identify the newly emerged work force in his book *The Age of Discontinuity*, where he described he or she as “.....who applies productive work ideas, concepts and information rather than manual skill or brawn”^[11]. Kelley (1990) provided more details by adding that knowledge workers are hired for their problem solving abilities, creativity,

talent and intelligence^[12]. These definitions revealed that the basic criteria to tell knowledge workers or employees’ identity is whether they use scientific knowledge in professional knowledge work^[11]. While the main feature differentiating knowledge work from other conventional work is that the basic task of knowledge work is thinking. It is the perennial processing of non-routine problems that require non-linear and creative thinking that characterizes knowledge work^[13]. Recently, Erren (2010) added another feature to knowledge employees where he stated they “constantly familiarize themselves with new findings in their respective fields of work in order to stay up-to-date on possible problems and innovative ways of solving them”^[14]. This feature provided an important hint for management to satisfy knowledge employees’ needs.

The above definitions manifested key features of knowledge employees. First of all, compared with traditional employees, the most prominent feature of knowledge employees is their specialization on professional. In order to perform knowledge work, knowledge employees have to build specific knowledge and skill construction through formal education. Such unique knowledge becomes more and more specialized and professionalized during the process of practical utilization, the quality and quantity of the formal knowledge used in different occupations diverse significantly or even form a huge contrast. so it is not suitable for other fields. Therefore, professionals engaged in knowledge work will form their own professional knowledge system.

The second, knowledge employees are more likely to disrespect the authority of management, and may be considered as undisciplined and carefree. It can be concluded from above definitions that with outstanding learning and innovative ability, knowledge employees would take full advantage of modern technology to improve work efficiency, which makes them the main body of innovation activities. Therefore, few people have the professional knowledge and ability to direct or intervene their work including their supervisor, which make them used to self-management. Lack of freedom or flexibility may make them unsatisfied.

The third, as Erren (2010) noticed, knowledge employees possess

ongoing needs to pursue new knowledge^[13]. Their daily work is to obtain, process, applying and even create knowledge. As we all know that human knowledge is endless and constantly updating, knowledge employees still need to learn, acquire new information and knowledge to keep pace with time even if they already have considerable level of knowledge.

3.2. Management Challenges Regarding Knowledge Employees

The above features make it different to manage knowledge employees from manage traditional ones.

Knowledge employees have strong intention to move from one company to another company in their area of expertise caused by their specialization in profession, so high turnover of knowledge employees is one of management’s headache. Knowledge employees possess their own production tools, with these portable intellectual capital, they have greater choice on organizations or positions. Drucker pointed out that the knowledge employees’ need for organization is perhaps no more than that of organization’s for knowledge employees, what knowledge employees are loyal to is their profession^[15]. Thus, compared to ordinary employees, knowledge employees tend to be more loyal to their profession than to their employer.

In reality, because of their strong desire for career prospects knowledge employees are generally reluctant to maintain long-term employment relationship with a company especially those with satisfying performance. Such instability will definitely affect knowledge employees’ involvement and contribution to enterprise innovation. When the author came into contact with executives or bosses during the research process, they often complain that “promising professionals we hope to retain just left, while those who still stay are dispensable people.” If we dig deeper to seek the root of high turnover of knowledge employees, we will find that it roots in the conflict between knowledge employees’ professional identification and organizational identification.

The solution to such conflict should be to enhance knowledge workers’ professional identification by satisfying their desire to pursue knowledge so as to shape and maintain their organizational identification. According to McClelland’s achievement motivation theory, individual’s most important need is that for achievement, which is typically true regarding knowledge employees, because they are different from traditional employees in the their interests in researching, exploring and creating knowledge and in their choosing knowledge work as their career. Therefore management should pay particular attention to their continued need for accumulation and update of knowledge. The core task of management is to establish such a condition in which knowledge employees can get support to improve their professional knowledge level and achieve higher professional goal. When employees can conveniently access to knowledge, smoothly exchange knowledge with colleagues, their needs for knowledge will be satisfied within organization, then the conflict between their professional and organizational identification would be reconciled. In this case, knowledge employees will be more loyal and devote more passion to both their profession and their organization, which leads to greater contribution to organizational innovation.

Therefore, effective KM implementation can at least partially satisfy knowledge employees’ needs, then attract, maintain them to the organization and stimulate their innovative behavior.

4. ORGANIZATIONAL IDENTIFICATION AND ITS INTERACTIONS WITH KNOWLEDGE MANAGEMENT

4.1. Definition of Organizational Identification(OI)

OI generally refers to the process in which employee’s

psychological state transfers from individual-centered self-awareness to organization-centered group-awareness^[3]. With OI, individual perceived that he or she is an actual or typical group member and their own destiny are closely linked with the organization, so he or she is willing to work for the organization and share its success and failure.

OI is the psychological basis of an employee's emotion, attitudes and behavior toward his or her organization. The more an employee identifies his or her organization the more likely he or she will take opinions and actions benefiting to the organization, such as self-improvement, cooperative behavior, organizational citizenship behavior, the motivation to compete with market competitors. What is more important, once an employee formed identification to his or her organization, leaving the organization would mean a certain degree psychological lost^[16].

4.2. OI's Impact on KM

A sizable body of literature indicates that OI has significant impact on organizational behavior in individual, group and organizational level. For example, OI may be a positive predictor of organizational performance, job satisfactory, organizational cohesion, organizational citizen behavior and organizational trust; and may also be a negative predictor of turnover intention and actual turnover behavior. Specifically, OI is helpful for improving interpersonal relationship in organization, pushing various parties to form an alliance so as to diminish the conflicts regarding responsibility between individual roles. It has been approved that employees who identify their organization are more willing to help colleagues, to cooperate with others, to enhance their professional knowledge and skills in their spare time in order to improve organizational performance, and are more willing to communicate with colleagues and their organizations for constructive purpose to improve organizational status. At last, OI can stimulate individual's competitive sense, because employees with high OI are more eager to see the organization's success.

KM process can be divided into three main parts: knowledge acquisition, knowledge sharing, knowledge utilization and creation^[17]. The bottleneck of KM implementation is found in knowledge sharing, which it is just in such process knowledge is transferred from implicit form to explicit form and from individual level to organizational level. The reasons hobbling employees to participate in knowledge sharing usually include the following. First, there may exist conflicts and even struggles between individuals, groups and departments in an organization because of their different interests and targets, so an employee's behavior is not always seeking maximize business performance. Secondly the lack of trust between individuals, and between individuals and their organization may cause less knowledge sharing activities. According to social cognitive theory, people usually are afraid of being the injured party in knowledge sharing. For example, one will lose his or her competitive advantage if he or she makes implicit knowledge explicit, or will be less powerful when bargaining with the organization if he or she makes individual knowledge organization. The third reason is lack of harmonious personal relationship where it is difficult for an

employee to find the group to share knowledge. Lots of researches regarding OI approved OI's powerful integrating and motivating function. Facing the barriers of knowledge sharing, OI can promote the effective implementation of knowledge management from the following areas: (1) Universalizing individual, group and organizational goals; (2) eliminate conflicts of interest within the organization; (3) Promote cooperation and exchanges; (4) Motivate staff to acquire and create new knowledge. Therefore, OI has a positive effect on promoting the implementation of Knowledge Management.

4.3. The effect of KM on OI

Researches on ancestors of OI indicate that employee's perception of organizational support (POS) has a positive impact on OI. As it was mentioned above, under the knowledge economy background, the most outstanding feature of knowledge employees is that they have a strong demand to obtain knowledge and enhance their professional level. If companies can provide employees with proper support to satisfy such demand they would significantly improve employees' organization identification. In knowledge management system, technology facilities and organizational environment are just constructed as platforms or places where knowledge is identified, coded, stored so that employees can acquire, share and utilize it conveniently and efficiently. Then knowledge employees would feel the support from organization and enhance their organizational identification.

4.4. KM and Innovative Performance

The relationship between KM and innovation attracted widespread attention from researchers^[18-20]. Innovation process involves three procedures: knowledge acquisition, knowledge sharing and knowledge creation, which serves as a framework for analyzing KM's impact on innovative performance. Knowledge acquisition is the foundation of innovation because of the close relationship between organizational innovation and knowledge resources. Knowledge in human capital can directly enhance the innovative ability of an organization, and help the organization find innovation opportunity. Creation of new knowledge begins with knowledge sharing, which is also the core content of KM. With employees as its subjects, knowledge sharing and integration within the organization is a complex gaming process between different parties, only by taking appropriate guiding and inspiring measures would an organization promotes knowledge sharing.

Further more, the utilization and creation of knowledge may promote innovative performance in a more directly way.

Based on the above analysis, the theoretical framework of this article can be illustrated in the following **figure1**:

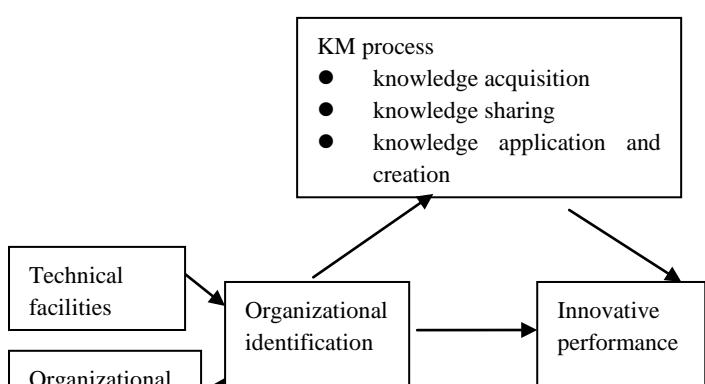


Figure 1 The Effect of Organizational Identification on Innovative performance

5. CONCLUSIONS

With the increasingly fierce competition and complex environment, to enhance the independent innovation capability and innovative performance of enterprises is the only way to obtain competitive advantages, particularly in knowledge-based companies. This paper discusses the function mechanism between OI on employee and innovative performance of the organization from the perspective of knowledge management. The effect of organization recognized on innovative performance, including direct and indirect effects at two levels. Direct effects include: organizational identity can reduce employee turnover intentions, improve its stability, so as to achieve the purpose of attracting and retaining employees, provide human resources for innovation activities, and maintain continuity of organizational knowledge. Organizational identification suggests employees to treat the organization success as their own success, to enrich their knowledge, to enhance the competitiveness of organizations active in innovation activities. Indirect effect is reflected on the organizational identity by changing staff attitudes and awareness of knowledge management, encouraging employees to share and create knowledge, thus improving innovative performance. On the basis of the characteristics and needs of employees within knowledge-based economy, this article discusses interactions between knowledge management and organizational identification on employee. On the one hand, the organization recognition has a positive role in promoting the implementation of knowledge management. On the other hand, knowledge management meets the needs of staff to constantly update their knowledge by providing technological and organizational environment, which is easy to access and share knowledge, so as to help to improve the organization's identity of staff. Although the conclusions of this article remain in the theoretical analysis level, and it needs to be tested in future empirical research, it still provides a reference for the effective management of knowledge employees and thus enhances the innovative performance.

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